# CP Solvency

### General Solvency

#### It is a question of State’s innovation- Fed fails at renewing infrastructure

**Strauss 2012**- associate director of Renewing America Publications at the Council on Foreign Relations (Rebecca, June, Road to Nowhere: Federal Transportation Infrastructure Policy, <http://www.cfr.org/united-states/road-nowhere-federal-transportation-infrastructure-policy/p28419>)

Yet pending federal legislation would do little to address the country’s transportation infrastructure problem. Overall investment would be kept at current and inadequate levels, and spending priorities would also remain unchanged. State and local governments, in partnership with the private sector, will be forced to take the lead to find innovative ways to meet the country’s infrastructure needs.

#### States are best at coordination- their authors ignore federal wall of fiscal austerity

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The federal government is poorly designed for a coordinated infrastructure policy. Responsibility for highway and transit policy alone is split among seven congressional committees. The closest the country has come to a coordinated national infrastructure plan was the National Transportation Plan in the 1970s, and the idea sank fast. Washington shoulders a minority share of the nation’s transportation costs, or about 25 percent of total transportation costs and 40 percent of capital transportation costs. Infrastructure in the United States has traditionally been a state and local affair. With national leaders framing infrastructure as a larger national problem, it would appear that the federal government is gearing up for a greater role. But those ambitions are hitting up against the wall of fiscal austerity. Given political realities, the best outcome could be a continuation of present transportation spending levels. Deep cuts in spending are a possibility with a Republican-controlled House opposed to either additional taxes or increased debt. Advocates of infrastructure investment are faced with squaring the circle, of doing more with less.

#### State budgets are sufficient to fund- voter taxes, private capital and Chicago proves

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With or without a set of national transportation strategic priorities, more responsibility is set to devolve to state and local municipalities and the private sector. There is some indication that local municipalities are stepping up to the challenge, with the support of voters who appear more willing to pay for improving their own local infrastructure. Since 2000, 71 percent of state and local transportation ballot initiatives have passed. In several western cities—Los Angeles, Denver, Phoenix, Las Vegas, and Salt Lake City—voters agreed to raise their own sales tax to finance specific local infrastructure projects. Without using any federal funds, Chicago is embarking on an ambitious multibillion-dollar, multiyear infrastructure improvement plan, complete with an infrastructure fund to leverage private capital.

**States Solve Best- Bipartisan support and avoid deficit spending**

**Freemark 12-** Yonah, Journalist at the Transportation Politic, How to Pay for America's Infrastructure, <http://www.theatlanticcities.com/politics/2012/01/solution-americas-infrastructure-woes/845/>

**America's transportation infrastructure is in desperate need of an update, and most politicians would agree that more funding should be dedicated the nation’s highways and mass transit systems.** Yet there is little consensus about where to find those new funds and Democrats and Republicans disagree stridently over whether Washington should increase its role. **One potentially fertile place for compromise may be in the form of state infrastructure banks, which have gained support from both the left and right in recent months.** **These public agencies**, provided some government funds, **would be designed to encourage significant private investment. And they would do so with little interference from the national government.** **"I-banks" could lend states, municipalities, and perhaps even private sector agencies a significant portion of project funds that would later be paid back through user fees, public-private partnerships, or dedicated taxes**. **The idea is to get more transportation projects under construction without significantly expanding the national deficit.** And the idea is not particularly new: Infrastructure banks have been on the radar since 1995, when state banks were initially authorized to receive federal funds. Now, more than thirty states have them in operation.

**States Solve Best- Creates Competitive federalism that decreases costs**

**Salam 12-** author of National Review Online’s The Agenda, Yonah Freemark on State Infrastructure Banks, http://www.nationalreview.com/agenda/287217/yonah-freemark-state-infrastructure-banks-reihan-salam

**I am increasingly convinced that state-based rather than federal approaches to improving the quality of infrastructure are the right way to go**, **but that this should flow from a revival of competitive rather than** cartel (or **cooperative) federalism**. That is, **instead of offering federal grants for the establishment of state infrastructure banks, let’s do something more drastic**, e.g., either nationalize Medicaid or block grant the program**, thus containing a crippling cost driver for state governments, and then allow states to pursue a wide range of different economic development strategies**, some of which will be infrastructure-centric, others of which will be more human-capital-centric, etc. This is, of course, an oversimplification of very complex issues.

**States can do it- encourages Private sector and avoids political sway**

**Council on Foreign Relation 11** (Christopher Alessi reports and writes on global economics for CFR.org. Previously, he worked as a London-based correspondent for Institutional Investor magazine. “Banking on U.S. Infrastructure Revival” 9/8. http://www.cfr.org/economics/banking-us-infrastructure-revival/p25782)AK

Some **opponents** to the bank **think the most efficient way to address** the United States' **infrastructure** needs **is by encouraging private consortia to operate projects at the state level**. "A **federal** infrastructure bank **would be swayed by political criteria and would be tempted to invest in low-return projects, such as roads to nowhere**," Manhattan Institute senior fellow Diana Furchtgott-Roth argued in a May 26 piece for Real Clear Markets.

**States have the funds to implement transportation infrastructure plans**

**Freemark 12** (Yohah, Transport Politics, http://www.thetransportpolitic.com/2012/02/16/clearing-it-up-on-federal-transportation-expenditures/)

Meanwhile, states and local governments are contributing massively to transportation funding already, just as Ms. Schweitzer asks them to. I studied Oregon and Illinois a year and a half ago and found that only about a quarter of Oregon’s Department of Transportation budget comes from Washington; about a third of Illinois’ comes from the national capital. What about those profligate transit agencies that are egged on by the federal government’s wasteful spending? Their operations spending comes from local, state, and fare revenues — not Washington. And expansion projects — especially the big ones — are mostly financed by local revenues, like dedicated sales taxes that voters across the country have approved repeatedly over the past twenty years. The six largest transit expansion projects currently receiving or proposed to receive funding from the Obama Administration this year each rely on the federal government to contribute less than 43% of total costs. Perhaps Detroit would have paid for the People Mover even if it had had to use its own revenues to do so. Now, even if we were to recognize the high level of devolution of power and funds that currently does exist in the U.S., some might still argue that the federal government exercises too much power. Its distribution formula for fuel tax revenues results in certain states getting more money than their drivers contributed (“donor” states) and certain states getting less (“donee” states). Why not simply allow states to collect their own revenues and spend money as they wish? Why should Washington be engaged in this discussion at all?

### Aviation Solvency

**States are the ONLY way to solve- avoids public resistance and localization prevents congestion**

**Coogan et al 10** (Matthew A. Coogan, Mark Hansen, professor of Civil and Environmental Engineering @ UC Berkeley, Megan Smirti Ryerson, PhD. in Civil and Environmental Engineering @ UC Berkeley, Larry Kiernan, Joerg Last, Strata Consulting, Richar Marchi, Airports Council International – North America, “Innovative Approaches to Addressing Aviation Capacity Issues in Coastal Mega-regions”, <http://www.njtransit.com/pdf/acrp_rpt_031.pdf>, )

**There are a number of reasons why the primary locus of demand management responsibility and action would ideally be at the local level. First, recent federal efforts to innovate policy in this area have been met by strong resistance. The FAA’s attempt** in the fall of 2008 **to institute slot auctions at a modest scale** at the New York airports **was temporarily blocked by a federal court after an appeal** by the PANYNJ. **Demand management at the local level would be immune to legal or political challenges. It is likely that slot auctions would be opposed by airlines regardless of the body implementing the auctions**. Political hurdles would also exist. In 2007, the FAA proposed a pilot program to give select airport authorities ﬂexibility to impose market-based measures at the local level with guidance; this proposal did not gain traction and was not included in recent reauthorization bills that were introduced. Another challenge to demand management policy localization, airport monopoly power, is touched on in Section 5.7.2.2. There would likely be signiﬁcant challenges to innovation in airport demand management whether it occurs nationally or locally, subject to federal oversight. Nonetheless, the research team argues that the latter course would be the more promising one. Second, **it would be very difﬁcult to craft a federal demand management program that would be effective across the wide variety of circumstances that exist at different airports. Important differences in this context include the following**: • **Airline/airport relations**. Although in some cases airlines¶ and airports maintain a straightforward landlord–tenant relationship, in other cases the relationship more closely resembles co-ownership. In the latter case, certain airlines have invested in both the airport itself and in developing the markets that the airport serves. In the context of demand management, this affects the manner in which available capacity could be allocated: through a market¶ mechanism based on willingness to pay, or through a process that gives more consideration of established airportairline relationships. • **Financing mechanism**. Airports are ﬁnanced in one of two¶ ways. In the residual approach, airlines agree to make up an shortfall in revenues in return for having a strong role, often including a veto, in airport capital expenditure decisions as¶ well as the agreement that any airport’s non-airline revenue will go toward reducing the costs borne by airlines. In the compensatory approach, the airport assumes the risk, and in return can earn substantial surpluses that can ﬁnance future airport development, decisions about which it largely controls. Residual airports face unique constraints in employing market approaches to demand management because (a) any revenue from such charges is ultimately recaptured by the¶ airlines in the form of reduced fees and (b) they typically¶ have long-term usage agreements with airlines to which any¶ demand management program must conform. • **Variability in capacity**. Some airports have fairly similar¶ capacities under most weather conditions, whereas in others,¶ capacity is highly variable. In the latter cases, a decision must¶ be made about what capacity scenario to assume in formulating the demand management strategy. If the capacity is set¶ too low, the airport will be underused much of the time; if¶ set too high, there may be severe delays much of the time.¶ There may also be cases where it is appropriate to assume different capacities for different times of day or seasons of the¶ year. Such trade-offs are best understood at the local level.¶ • **Expandability**. The appropriate mix of demand management and demand accommodation depends on the cost¶ and political difﬁculty of expanding an airport. Some factors that determine expandability, such as the cost and¶ availability of land and the sensitivity of surrounding land¶ uses, can be assessed objectively, whereas others cannot.¶ This is one reason why airport planning and expansion¶ decisions have traditionally been made at the local level.¶ Given the close coupling between such decisions and those¶ related to demand management, it is appropriate for the¶ same entity to make both.¶ • **Valuation of competing goals**. Demand management¶ involves complex trade-offs between competing goals,¶ including delay reduction, schedule convenience, competitiveness, equity, and service stability. Different regions will¶ place different values on these goals. Localizing demand¶ management policy increases the opportunity to design¶ programs that reﬂect these differences.¶ • **Competitiveness**. Demand management policies can reduce¶ competition between airlines serving a given airport as well¶ as create entry barriers for airlines seeking to initiate service.¶ Although such outcomes are rarely desirable, the severity of¶ their consequences varies according to how competitive the¶ airport is to begin with, the availability of alternative airports¶ nearby, and, in some cases, the availability of competitive¶ modes. It follows that the weight given to preserving competition in formulating demand management programs¶ should vary from airport to airport.¶ A third rationale for demand management being determined at the local level is that, **for the most part, delay is a local**¶ **problem. It is the local population and economy that experience the brunt of delay impacts.** Although high delays at one¶ airport can propagate throughout the system, most of the delay¶ experienced in the United States is not propagated. Mor**eover,**¶ **the airlines that operate at a high-delay airport recognize the**¶ **system-wide impacts of the delays and will certainly express**¶ **these—both explicitly and behaviorally—to local policymakers. There is also anecdotal evidence** from places such as¶ San Francisco, New York, and Boston **that if demand management were made a local responsibility, it would be embraced**¶ **by many of the localities where it may be needed**.¶ To ensure that a solution developed to solve a local delay¶ problem does not have the effect of making the situation worse¶ downstream at other airport(s), the delay modeling used to¶ develop the delay triggers at an airport would account for the¶ impact on other airports.¶ Fourth, **local responsibility would result in a variety of**¶ **approaches being tried. Much can be learned from this process.**¶ **Just as states are the laboratories of democracy, airports could**¶ **become laboratories for demand management**. Our limited¶ experience with airport demand management in this country,¶ as well as the limited success of attempts at it to date, suggests¶ that there is much to learn

### Environment Solvency

States can fund climate policies

Michael Northrop 08 [Yale Environment 360, June 3rd – online “ States Take the Lead on Climate” http://e360.yale.edu/feature/states\_take\_the\_lead\_on\_climate/2015/]

 Individually, the size of many of these state economies rivals those of most countries. State climate policy initiatives — though not yet implemented on a national scale — are collectively among the most advanced anywhere in the world. They provide a profound but largely unrecognized platform for national action, and for a potential reassertion of global environmental leadership by the United States. Indeed, state climate initiatives have provided hope to those in the global community who have waited patiently for the United States to engage meaningfully in international climate efforts.

### HSR Solvency

**California Proves states can fund HSR**

**LaHood 11** (Ray, Secretary of Transportation, November 16, 2011, “High Speed Rail: creating jobs, spurring growth, providing needed capacity”, http://fastlane.dot.gov/2011/11/high-speed-rail-improving-the-present-preparing-for-the-future.html)

Today's release of the revised California high speed rail business plan is a victory for future passengers; it's a victory for the State of California; and it's a victory for the nation. But it's also a victory for the kind of inclusive planning and development process that Americans expect, and I hope it will serve as a powerful example for other corridors. When the California High Speed Rail Authority released its initial plan last fall, stakeholders and citizens voiced their concerns--loud and clear. Thankfully, Governor Brown put in place leadership at the California High Speed Rail Authority that listened to Californians. After 296 community meetings and forums, today's plan reflects those concerns, and California --and American-- high-speed rail will be stronger as a result. After listening carefully to everyone involved, the California High Speed Rail Authority today offered a new plan that lays out a faster, better, and more cost-effective path to building the high-speed rail system that is so critical to California’s economic future. Thanks to the leadership of Governor Jerry Brown and High Speed Rail Authority Chairman Dan Richard, the new plan will create hundreds of thousands of jobs and deliver the economic benefits of high-speed rail faster and more affordably. And by combining existing assets in the Bay Area and LA Basin with new construction along other parts of the line, the new plan ensures that construction and operating costs for the first segment of the project are fully paid for while lowering the cost of the entire system by $30 billion dollars. This plan projects a high-speed rail spine running north-south from Merced to the San Fernando Valley. Connections from this spine into core cities like Los Angeles and San Francisco will now rely on existing rights-of-way and infrastructure, and that fundamental change makes these segments significantly less expensive than originally proposed by the rail authority. The Central Valley line will operate over relatively flat terrain, making possible average speeds that rival any other rail systems in the world. The revitalized rail manufacturing this Administration's investments have supported will have workers busy building track and trains that demonstrate the American rail industry’s technological and operational capabilities--and get passengers where they're going even faster. That's critical in a state where population will grow by 20 million in less than 40 years, where congestion already robs the state’s economy of $18.7 billion every year, and where the short-haul air travel market is the nation’s most crowded and the airports are the nation's most delayed. Plus, putting men and women to work upgrading the infrastructure on existing commuter rail lines in the Los Angeles and San Francisco areas will add good jobs in these densely populated regions. Metrolink and Caltrain commuters will also benefit from safety, speed, and reliability improvements. Three years ago, the President declared a bold vision for America. The goal is clear: to connect 80 percent of Americans to a high speed rail network over the next twenty-five years. And today we are making progress on that vision. As Deputy Federal Railroad Administrator Karen Hedlund said, "This plan is a roadmap for the future of California, and it is right in line with the vision of President Obama." California is well on its way to fulfilling its part of this goal, and today's revised plan moves the Golden State one step closer. We look forward to working with the California High Speed Rail Authority to make this plan a reality.

### Infrastructure Bank Solvency

**States solve best- Fast timeframe and sustainable funding**

**Slone 11-** CSG Senior Transportation Policy Analyst, State Infrastructure Banks, <http://knowledgecenter.csg.org/drupal/content/state-infrastructure-banks>

**State infrastructure banks can help states stretch their state** and federal **dollars and meet the demands of financing large, impactful, long-term infrastructure projects. When government agencies and authorities must seek yearly grants and allocations to finance projects, the completion of those projects can be delayed for months or years.** **State infrastructure banks can identify, promote and lend money to creditworthy transportation projects to ensure they’re built within a reasonable timeframe and in a financially sustainable way. And because these banks act as a “revolving fund,” more projects can ultimately be financed.**

**Perm fails and states solve best- federal funding takes years**

**Slone 11-** CSG Senior Transportation Policy Analyst, State Infrastructure Banks, <http://knowledgecenter.csg.org/drupal/content/state-infrastructure-banks>

**When transportation projects are financed in a traditional way, funds** from a state department of transportation or the federal Highway Trust Fund **are spent and two types of risk are assumed. Projects are at risk of delay as state officials wait for the** state or **federal funds to become available**, **which may increase the costs and delay the project’s benefits**. **Secondly, states face the risk that a poorly selected project will fail to produce social or economic benefits and tie up scarce capital resources that could have gone to other potentially more successful projects**. **Both of those risks are diminished with state infrastructure bank financing.** **First,** **projects don’t have to wait for funding and delays and cost overruns are avoided.** **Secondly,** **a state infrastructure bank has a built-in project evaluation process. Projects are assessed based on their financial viability, which provides a level of economic discipline that is not always present with traditional state project funding. Better, more benefit-producing projects can be the result.**

# Federalism

## Neg

### Uniqueness

#### **States are stepping up—the federal government is bogged down with gridlock**

Katz, Vice President at Brookings Institution and founding Director of the Brookings Metropolitan Policy Program, Graduated from Brown University and Yale Law School, 2/16/12 (Bruce, “Remaking Federalism to Remake the American Economy,” Brookings, <http://www.brookings.edu/research/papers/2012/02/16-federalism-katz>)

The time for remaking federalism could not be more propitious. **With Washington mired in partisan gridlock, the states and metropolitan areas are once again playing their traditional roles as “laboratories of democracy” and centers of economic and policy innovation**. An enormous opportunity exists for the next president to mobilize these federalist partners in a focused campaign for national economic renewal. Given global competition, the next president should adopt a vision of collaborative federalism in which: the federal government leads where it must and sets a robust platform for productive and innovative growth via a few transformative investments and interventions; states and metropolitan areas innovate where they should to design and implement bottom-up economic strategies that fully align with their distinctive competitive assets and advantages; and a refreshed set of federalist institutions maximize results by accelerating the replication of innovations across the federal, state and metropolitan levels.

#### Especially under the Obama administration, states have been given more and more power.

Katz, Vice President at Brookings Institution and founding Director of the Brookings Metropolitan Policy Program, Graduated from Brown University and Yale Law School, 2/16/12 (Bruce, “Remaking Federalism to Remake the American Economy,” Brookings, <http://www.brookings.edu/research/papers/2012/02/16-federalism-katz>)

On the programmatic front, President Obama has worked to enable states and localities to tackle structural challenges in integrated ways. The administration’s Sustainable Communities Initiative—a partnership among the Department of Transportation, Department of Housing and Urban Development (HUD) and Environmental Protection Agency (EPA)— has, for example, given cities and metropolitan areas resources, information and tools to make sharper connections between housing, **transportation** and environmental resources. On regulatory matters, President Obama has used federal actions to set a “floor rather than a ceiling” on a range of consumer protection, clean energy and environmental matters. This has left room for the states to **innovate on auto emission standards** in California, for example, and to seek redress for mortgage abuses through the States Attorney Generals. To date, President Obama’s approach to economic restructuring has tended toward the more permissive, enabling end of the federalist spectrum. The administration has, for example, set a national goal of doubling exports, but it has not sought to influence the way states organize themselves to engage globally. The American Recovery and Reinvestment Act made sizable investments in the clean economy but left states and localities alone to set their own platforms for clean economy growth. Other efforts to catalyze and leverage regional innovation clusters, using competitive grant programs, **have been relatively small in size and scope**.

#### Specifically in the transportation sector, states are modernizing independently

Katz, Vice President at Brookings Institution and founding Director of the Brookings Metropolitan Policy Program, Graduated from Brown University and Yale Law School, 2/16/12 (Bruce, “Remaking Federalism to Remake the American Economy,” Brookings, <http://www.brookings.edu/research/papers/2012/02/16-federalism-katz>)

While Washington dithers and delays, metros and their states are embracing the next-economy model and innovating in ways that build on their distinctive competitive assets and advantages: With federal innovation funding at risk, metros like New York and states like Ohio and Tennessee are making sizable commitments to attract innovative research institutions, commercialize research and grow innovative firms. With the future of federal trade policy unclear, metros like Los Angeles and Minneapolis/St. Paul and states like Colorado and New York are reorienting their economic development strategies toward exports, foreign direct investment and skilled immigration. With federal energy policy in shambles, metros like Seattle and Philadelphia are cementing their niches in energy-efficient technologies, and states like Connecticut are experimenting with Green Banks to help deploy clean technologies at scale. With federal transportation policy in limbo, metros like Jacksonville and Savannah and states like Michigan are modernizing their air, rail and sea freight hubs to position themselves for an expansion in global trade. What unites these disparate efforts are intentionality and purpose. After decades of pursuing fanciful illusions (becoming “the next Silicon Valley”) or engaging in copycat strategies, states and metros are deliberately building on their special assets, attributes and advantages, using business planning techniques honed in the private sector.

### ATC/NextGen

#### **Government run air traffic control increases taxes and gets the federal government involved in state affairs**

Mercatus Center, school of economics at George Mason University, No Date (“How Congress Can Effectively Review Government Spending,” Mercatus Center, <http://mercatus.org/features/how-congress-can-effectively-review-government-spending>)

“Understanding that there are certain things that only the federal government can do, and when the federal government gets involved where it shouldn’t be, it wastes capital, time, and taxpayers’ money will guide the review process and help make hard decisions about where to cut spending," said de Rugy. These difficult decisions are important, so that the American people will start having confidence in their future, and confidence in the way that the federal government spends money, she said. “To produce an effective review of government spending, Congress should eliminate overt waste—such as spending for duplicative programs and overpayments,” said de Rugy. “Taxpayers are currently paying for 47 job training programs and according to the GAO, $125 billion in taxpayers’ dollars are used by the federal government to make **improper payments**.” Congress should eliminate spending for programs that don’t measure the performance of those they manage, and those that should be provided by the private-sector, she said. “**Having the government run businesses—such as Amtrak—and oversee infrastructure—such as the air traffic control system—is not just inefficient,”** said de Rugy. “**It also** hinders economic growth, and **costs the taxpayers money while providing low-quality services to customers.” Congress should also eliminate spending on functions in the purview of the states,** she said. They spend $500 billion in grants to the states for activities that it has no legal or practical reason to be involved in, such as healthy marriage promotion and museum professional training grants.

### HSR

#### **Federal implementation of high speed rail would result in unequal and higher taxes**

DeHaven, budget analyst on federal and state budget issues for the Cato Institute, deputy director of the Indiana Office of Management and Budget, published in the Washington Post, New York Post, Wall Street Journal, and Politico.com. He has appeared on CBS, Fox, and NPR. 5/11/11 (Ted, “[High-Speed Rail and Federalism](http://www.cato-at-liberty.org/high-speed-rail-and-federalism/)”, Cato Institute, <http://www.cato-at-liberty.org/high-speed-rail-and-federalism/>)

Florida Governor Rick Scott deserves a big round of applause for dealing a major setback to the Obama administration’s costly plan for a national system of high-speed rail. [As Randal O’Toole explains](http://www.cato-at-liberty.org/the-administration-concedes-defeat/#more-31446), the administration needed Florida to keep the $2.4 billion it was awarded to build a high-speed Orlando-to-Tampa line in order to build “momentum” for its plan. Instead, Scott put the interests of his taxpayers first and told the administration “no thanks.” That’s the good news. The bad news is that the administration is going to dole the money back out to 22 passenger-rail projects in other states. Florida taxpayers were spared their state’s share of maintaining the line, but they’re still going to be forced to help foot the bill for passenger-rail projects in other states. Here’s Randal’s summary: Instead, the Department of Transportation gave [nearly $1 billion](http://www.dot.gov/affairs/2011/dot5711.html) of the $2.4 billion to Amtrak and states in the Northeast Corridor to replace worn out infrastructure and slightly speed up trains in that corridor, as well as connecting routes such as New Haven to Hartford and New York to Albany. Most of the rest of the money went to Midwestern states—Illinois, Iowa, Minnesota, Michigan, and Missouri—to buy new trains, improve stations, and do engineering studies of a few corridors such as the vital Minneapolis-to-Duluth corridor. Trains going an average of 57 mph instead of 52 mph are not going to inspire the public to spend $53 billion more on high-speed rail. The administration did give California $300 million for its high-speed rail program. But, with that grant, the state still has only about 10 percent of the $65 billion estimated cost of a San Francisco-to-Los Angeles line, and there is no more money in the till. If the $300 million is ever spent, it will be for a 220-mph [train to nowhere](http://www.nytimes.com/2011/04/24/opinion/24white.html) in California’s Central Valley. Why should Floridians be taxed by the federal government to pay for passenger-rail in the northeast? If the states in the Northeast Corridor want to pick up the subsidy tab from the federal government, go for it. (I argue in a Cato essay on [Amtrak](http://www.downsizinggovernment.org/transportation/amtrak/subsidies) that if the Northeast Corridor possesses the population density to support passenger-rail then it should just be privatized.) **I don’t know if taxpayers in Northeast Corridor would want to pick up the federal government’s share of the subsidies, but I’m pretty sure California taxpayers wouldn’t be interested in footing the entire $65 billion for their state’s high-speed boondoggle-in-the-works**. [As I’ve discussed before](http://www.downsizinggovernment.org/high-speed-federalism-fight), the agitators for a national system of high-speed rail know this: **If California’s beleaguered taxpayers were asked to bear the full cost of financing HSR in their state, they would likely reject it. High-speed rail proponents know this, which is why they agitate to foist a big chunk of the burden onto federal taxpayers. The proponents pretend that HSR rail is in “the national interest,” but** as a Cato essay on [high-speed rail](http://www.downsizinggovernment.org/transportation/high-speed-rail)explains, “**high-speed rail would not likely capture more than about 1 percent of the nation’s market for passenger travel.”** [According to the Wall Street Journal](http://online.wsj.com/article/SB10001424052748703730804576312870609295848.html), congressional Republicans aren’t happy that the administration is taking Florida’s money and spreading it around the country: Monday’s announcement drew criticism from House Republican leaders, who questioned both the decision to divide the money into nearly two-dozen grants around the country—instead of concentrating it into fewer major projects—and the fact that many of the projects will benefit Amtrak, the federally subsidized passenger-rail operator. **I heartily agree with the Amtrak complaint, but I’m not sure why as a federal taxpayer I should feel better about instead “concentrating [the money] into fewer major projects.” Subsidizing passenger-rail is no more a proper role of the federal government than education or housing.** Unfortunately, for all the criticisms of the Obama administrations and the constant talk about spending cuts, [Republicans don’t appear to possess much more desire to limit the scope of the federal government’s activities than the Democrats](http://www.downsizinggovernment.org/budget-cutting-its-1995).

#### New federal subsidies will lead to reregulation of freight and unequal taxes forced upon states

O’Toole, Cato Institute Senior Fellow working on urban growth, public land, and transportation issues. His analysis of urban land-use and transportation issues, brought together in his 2001 book, [The Vanishing Automobile and Other Urban Myths](http://www.amazon.com/dp/097064390X/?tag=catoinstitute-20), has influenced decisions in cities across the country, author of numerous Cato papers. written articles for numerous other national journals and newspapers, June 2010 (Randall, “High-Speed Rail”, Cato Institute

<http://www.downsizinggovernment.org/transportation/high-speed-rail>)

Second, the administration wants to aid private freight railroads at the same time it builds the new passenger rail system. President Obama hopes that upgrading freight lines to run faster passenger trains will also allow the railroads to increase their freight speeds and capacities, thus capturing traffic from truckers. **Historically, the freight railroads have received very little federal aid: only 18,700 of 350,000 miles of rail lines built in the United States received federal subsidies.****[7](http://www.downsizinggovernment.org/transportation/high-speed-rail%22%20%5Cl%20%22_edn7%22%20%5Co%20%22) Adding new federal subsidies at a time of massive federal budget deficits is not a good idea, and it could lead to the reregulation of the freight railroads, which were deregulated in 1979.****[8](http://www.downsizinggovernment.org/transportation/high-speed-rail%22%20%5Cl%20%22_edn8%22%20%5Co%20%22)** Even though moderate-speed passenger trains are less expensive than true high-speed trains, they are still very expensive. Upgrading the 12,800 miles of track in the administration's plan to moderate-speed rail standards would cost far more than the $14.5 billion the president has proposed to spend so far. The entire 12,800-mile Obama-FRA system would cost at least $50 billion.[9](http://www.downsizinggovernment.org/transportation/high-speed-rail%22%20%5Cl%20%22_edn9%22%20%5Co%20%22) Rather than build the entire system, Obama's plan really just invited states to apply for funds to pay for small portions of the system. For example, the administration granted close to $1 billion to Wisconsin to upgrade existing tracks from Milwaukee to Madison to 110-mph standards. This 85-mile line is only a tiny portion of the eventual planned route from Chicago to Minneapolis, and no one knows who will pay the billions necessary to complete that route. One cautionary note on high-speed rail costs comes from California. In November 2008, California voters agreed that the state should sell nearly $10 billion worth of bonds to start constructing a 220-mile-per-hour high-speed rail line from San Francisco to Los Angeles. The state's estimated cost for the entire system jumped from $25 billion in 2000 to $45 billion by 2008.[10](http://www.downsizinggovernment.org/transportation/high-speed-rail%22%20%5Cl%20%22_edn10%22%20%5Co%20%22) However, one independent analysis concluded that the rail line would cost up to $81 billion.[11](http://www.downsizinggovernment.org/transportation/high-speed-rail%22%20%5Cl%20%22_edn11%22%20%5Co%20%22) Thus, the costs of a true high-speed rail system would be far higher than the costs of a medium-speed system on existing tracks, as envisioned by the Obama administration. To build a 12,800-mile system of high-speed trains would cost close to $1 trillion, based on the costs estimates of the California system.[12](http://www.downsizinggovernment.org/transportation/high-speed-rail%22%20%5Cl%20%22_edn12%22%20%5Co%20%22) It is unlikely that the nation could afford such a vast expense, particularly since our state and federal governments are already in huge fiscal trouble. **Also, consider how the costs would rise even higher once a new rail system gets underway. The 12,800-mile FRA network reaches only 42 states and only a handful of cities in those states. Every excluded state and city is represented by senators and representatives who will wonder why their constituents have to pay for a rail system that only serves other areas. And even in the 42 states in the plan, routes are discontinuous**, with no high-speed links between many pairs of major cities such as New York and Chicago. Groups representing all the excluded routes would lobby for rail lines, and overall costs would balloon over time. And the costs mentioned are only the capital costs. Most high-speed rail lines wouldn't cover their operating costs, so there would have to be billions of dollars in ongoing subsidies to the system.

### Spending

#### **Increasing government spending increases the cost of federal aid and turns the states into regional subdivisions**

Edwards, director of tax policy studies at Cato, expert on federal and state tax and budget issues, senior economist on the congressional Joint Economic Committee, has testified to Congress on fiscal issues many times, and his articles have appeared in the Washington Post, Wall Street Journal, holds a B.A. and M.A. in economics, and he was a member of the [Fiscal Future Commission](http://www.napawash.org/publications-reports/choosing-the-nations-fiscal-future/) of the National Academy of Sciences, 2/10/11 (Chris, “Cutting Spending to Revive Federalism,” <http://www.cato.org/publications/commentary/cutting-spending-revive-federalism>)

**House Republicans have promised major spending reforms**, but GOP leaders are tongue-tied when they are asked which specific programs they want to cut. **The GOP wants to cut domestic spending** to 2008 levels, but that's just an accounting goal.

The GOP needs a larger vision to guide their reforms. Republicans need to communicate to the public how a smaller government would benefit America and what federal agencies and activities are damaging and counterproductive.

A key part of this strategy should be to revive a central theme of the 1981 and 1995 budget-cutting drives — getting the federal government out of what are properly state and local activities**. Constitutional federalism has taken a beating as federal aid to the states has doubled over the last decade to $646 billion this year.** This aid goes to public housing, community development, **urban transit**, and hundreds of other local activities.

The cost of federal aid has soared, and so has the number of different aid programs. By my count, the number of federal aid programs for the states totaled 1,122 in 2010. That is up 72 percent from 2000, and it is more than triple the number of aid programs there were in the mid-1980s, after terminations by President Reagan.

Reagan pushed hard to cut state aid. He argued in a 1987 executive order that "federalism is rooted in the knowledge that our political liberties are best assured by limiting the size and scope of the national government." Our liberties are imperiled by the explosive growth in federal aid because the aid is turning the states into little more than regional subdivisions of an all-powerful national government.

#### Higher taxes and grants destroy fiscal federalism

Rodden, associate professor in the political science department at Stanford who works on the comparative political economy of institutions, has written several articles and a pair of books on federalism and fiscal decentralization, most recent book, Hamilton’s Paradox: The Promise and Peril of Fiscal Federalism, was the recipient of the Gregory Luebbert Prize for the best book in comparative politics in 2007, 2003 (Jonathan, “Reviving Leviathan: Fiscal Federalism and the Growth of Government,” <http://web.mit.edu/jrodden/www/materials/Leviathan.pdf>)

Those who are alarmed that the global trend toward ﬁscal decentralization entails dangerous tax competition have little to fear, and those who envision smaller, more efﬁcient government have little to celebrate+ Even in the most developed countries, subnational expenditures are most often funded by revenue-sharing schemes, taxes that are controlled by the central government, or outright intergovernmental transfers+ In general, the trend toward ﬁscal decentralization **is not moving countries closer to Hayek’s “economic conditions of interstate federalism**” or Weingast’s “market-preserving federalism+” **These envision powerful, self-ﬁnancing local governments and a credibly limited central government**+ If anything**, decentralizing countries are moving closer to the overlapping, intertwined multitiered state described by Fritz Scharp**f, 63 **in which the ﬁnances of the central and local governments are increasingly difﬁcult to disentangle**+ However, neither the rarity of subnational tax autonomy in practice nor skepticism about revenue-hungry monsters implies that the link between tax decentralization and smaller government should be rejected+ Rent-seeking assumptions are not necessary to see that **interjurisdictional tax competition limits the ability of immobile asset owners to tax more mobile asset owners**+ Previous cross-national studies may have been looking for Leviathan in the wrong places using the wrong techniques**+ Using a limited OECD sample, this article presents evidence that decentralization—when funded primarily by autonomous local taxation—is associated with a smaller public sector**+ This helps explain why support has been found for the Leviathan hypothesis in time-series case studies of the United States, Canada, and Switzerland but not in larger cross-national studies+ **When funded by revenue-sharing, grants, or centrally regulated subnational taxation, ﬁscal decentralization is, if anything, associated with larger government** in the OECD sample examined in this article+ Using a much larger global sample, this article has also shown that decentralization funded by direct intergovernmental transfers is associated with a larger public sector—a heretofore untold part of the story of government growth around the world during the past twenty years+ 64 When central governments increase transfers to subnational governments, they do not reduce their own direct expenditures, and subnational governments spend virtually every dollar of increased transfers+

### CCS Links

#### Most carbon pipelines are unregulated and are under state jurisdiction

Monast et al, Nicholas Institute for Environmental Policy Solutions, Duke University, 2011 (Jonas J. Monast, Brooks Rainey Pearson, and Lincoln F. Pratson, September, “A Cooperative Federalism Framework for CCS Regulation,” Nicholas Institute, <http://nicholasinstitute.duke.edu/climate/lowcarbontech/a-cooperative-federalism-framework-for-ccs-regulation/>)

Different regulatory models exist for different types of pipelines. At the federal level, pipeline regulation falls primarily to three agencies, with the Federal Energy Regulatory Commission (FERC) overseeing separate regulatory regimes for natural gas and oil pipelines, the Surface Transportation Board (STB) regulating pipeline rates for “commodities other than water, gas, or oil,”97 and the Department of Transportation’s Pipeline and Hazardous Materials Safety Administration (PHMSA) overseeing pipeline safety. Pipeline regulation generally focuses on the following categories: siting, access, rates, and safety. Of these issues, only the application of PHMSA’s pipeline safety rules to CO2 appears settled at the federal level.98 Other CO2 pipeline issues either fall to the states or remain unregulated for the small number of existing CO2 pipelines.

Federal regulators considered CO2 pipeline regulation in the late 1970s and early 1980s. The FERC rejected jurisdiction over CO2 pipelines in 1979, finding that CO2 is not a “natural gas” under the Natural Gas Act.99 Shortly thereafter, the Interstate Commerce Commission (ICC)—the predecessor to the Surface Transportation Board—ruled in 1980 that Congress intended to exclude any “gas” from its jurisdiction and therefore it did not have authority over CO2.100 The ICC acknowledged the regulatory gap for CO2, but subsequently affirmed CO2 was not within its jurisdiction.101 There appears to be an assumption the STB has jurisdiction over CO2 pipelines, but the authority has not been tested, as no party has brought a rate case to the Board.

#### Granting states the largest scope on CCS prevent states’ rights infringement

Monast et al, Nicholas Institute for Environmental Policy Solutions, Duke University, 2011 (Jonas J. Monast, Brooks Rainey Pearson, and Lincoln F. Pratson, September, “A Cooperative Federalism Framework for CCS Regulation,” Nicholas Institute, <http://nicholasinstitute.duke.edu/climate/lowcarbontech/a-cooperative-federalism-framework-for-ccs-regulation/>)

CCS regulation is already evolving in a cooperative federalist direction, as is evidenced by the SDWA’s Class VI well program, where the federal government grants states the authority to regulate the underground injection of CO2 for the purpose of long-term sequestration.92 As is often the case with cooperative federalism in environmental regulation, the SDWA UIC program includes baseline standards set by the federal government that act as a floor for state regulatory programs. The federal government grants states the authority to run the program, provided they meet or exceed the set minimum requirements.

A cooperative federalist approach would **minimize the extent to which the pursuit of the federal goal of GHG emissions reduction would infringe on state sovereignty**. It would also allow states discretion on how to achieve the best results— recognizing states have diverse political, economic, and geologic circumstances.

### Climate Adaptation Links

#### **Federal action on climate adaptation forces states to take on taxes that don’t provide equal benefits**

Farber, Sho Sato Professor of Law and chair of the Energy and Resources Group at US Berkeley, Co-Director of the Center for Law, Energy, and the Environment. serves on the editorial board of Foundation Press, 9/9/09 (Daniel A, “Climate Adaptation and Federalism: Mapping the Issues,” <http://papers.ssrn.com/sol3/papers.cfm?abstract_id=1468621##>)

Adaptation will not be cheap. In terms of federalism, the question is how financial responsibility will be divided between the federal government and the states. Will states finance all or most adaptation, or will the federal government pick up most of the expense? A. State Funding under the “Beneficiary Pays” Principle It is easy to construct an argument in favor of leaving the financial responsibility for climate adaptation with the states. Normally, people have to pay for goods and services if they want to consume them – at least, this is the theory of a market economy. When the private market is unable to produce certain goods, perhaps because of collective action problems, the government steps in. But the basic principle that the **costs of producing goods should be borne by those who benefit from them** remains appealing. On this theory, the individuals who benefit from adaptation should pay the cost. Usually, this will translate into state financing of adaptation efforts that benefit local citizens. On an analogous issue in the theory of taxation, Eric Rakowski suggests that: **A nation** committed to protecting its citizens as equals will attempt to maintain its borders and to supply people living throughout its territory with basic protection. But it **cannot fully equalize protections throughout**, at least not if it taxes all the same, **so that those who choose to live in certain areas know that they take on some risks and costs**, perhaps including private protection, **as the price of their decisions**. Privately purchased protection or the **assumption of additional 14 risk, coupled with equal taxes, is tantamount to equal protection with unequal tax payments**.32 In simpler terms, the argument is that **people who choose to live in riskier areas cannot fairly demand that their fellow citizens pay to provide them protection from these risks**. We can call this the “beneficiary pays” principle. The “beneficiary pays” principle would seem to call for placing the responsibility for adaptation at the lowest possible governmental level, so that both costs and benefits would be concentrated on the same group. Thus, coastal measures might be financed by coastal states, or even better, by coastal counties within those states. Sometimes an adaptation project’s beneficiaries will not correspond to any existing political entity. States might respond by creating a special purpose entity; it is easy to imagine Climate Change Adaptation Districts like today’s drainage or irrigation districts.

### Conditioned Grants Link

#### **Conditioned grants destroy state autonomy**

Loyola, joined the Foundation in July 2010 as Director of the Center for Tenth Amendment Studies and an in-house policy expert within the Armstrong Center for Energy & the Environment. Mario began his career in corporate finance law. Since 2003, he has focused on public policy, dividing his time between government service and research and writing at prominent policy institutes. He served in the Pentagon as a special assistant to the Under Secretary of Defense for Policy, and on Capitol Hill as counsel for foreign and defense affairs to the U.S. Senate Republican Policy Committee. Mario has also worked as a state policy advisor for Senator Kay Bailey Hutchison, 5/16/11 (Mario, “[Are States Protected from Federal ‘Coercion’ or Not?](http://www.nationalreview.com/corner/267370/are-states-protected-federal-coercion-or-not-mario-loyola)," The National Review, <http://www.nationalreview.com/corner/267370/are-states-protected-federal-coercion-or-not-mario-loyola>)

Developing this theme in our brief, we argue that the practice of federal grants to the states conditioned on state compliance with federal policy preferences must have some limit, otherwise there is no way to protect state autonomy or the structure of our Constitution from federal coercion. We argue that if there is no limit in a doctrine of coercion, than it must follow that the whole practice of conditional federal grants is unconstitutional:

If from the Dole Court’s discussion of coercion one were to devise a hypothetical conditional federal grant program to make sure that some such program would qualify as coercive, one might hypothesize an enormous federal grant program, far-reaching conditions, the threatened loss of all funding for non-compliance, and, for good measure, an onerous change in the conditions of the already consented-to and established program, that would both increase the expense of the program to the States and further reduce their regulatory autonomy. In other words, one would hypothesize something like Medicaid and the Medicaid expansion provisions of the ACA. Though an issue of material fact arguably exists as to whether State consent remains a prerogative of the States “in theory and in fact,” it is virtually impossible to imagine what conditional federal grant program could possibly qualify as coercive if the one in the case at bar does not.

### NIB

#### **A National Infrastructure Bank would increase federal bureaucracy and more red tape**

Slone, provides guidance for Council of State Government’s transportation policy development and analysis efforts, helps to identify trends affecting transportation policy, and develops publications and meeting agendas on transportation issues.

Slone is the author of numerous articles for CSG publications, 9/9/11 (Sean, “Infrastructure Key Part of Obama’s $450 Billion American Jobs Act; Highway Bill Extension Clears a Hurdle,” The Knowledge Center, <http://knowledgecenter.csg.org/drupal/content/infrastructure-key-part-obama%E2%80%99s-450-billion-american-jobs-act-highway-bill-extension-clears->

“We already have a national infrastructure bank,” Geoffrey Yarema, a partner with the infrastructure-oriented law firm Nossaman LLP, told the public finance newspaper [The Bond Buyer](http://www.bondbuyer.com/news/-1030884-1.html?CMP=OTC-RSS) following the President’s speech. “It’s called the TIFIA program.” TIFIA, which stands for Transportation Infrastructure Finance and Innovation Act, is a program originally created in 1998 that sets up loan partnerships between the federal government and state and local governments, transit agencies, railroads, special districts or authorities and private entities to provide financing for transportation projects of regional and national significance. Veteran transportation analyst Ken Orski told Energy and Environment Daily that “there is a widespread sentiment both in the House and Senate, rather than creating a new federal fiscal bureaucracy, we ought to strengthen and expand existing financial instruments, primarily TIFIA.” Some also believe the federal government might be wise to move to bolster existing and already successful state infrastructure banks instead of creating a national one. That’s the way that U.S. House Transportation and Infrastructure Committee Chairman John Mica has said he would like to go. “A National Infrastructure bank run by Washington bureaucrats requiring Washington approval and Washington red tape is moving in the wrong direction,” Mica said in [a statement](http://mica.house.gov/News/DocumentSingle.aspx?DocumentID=259022) after the President’s speech. “A better plan to improve infrastructure is to empower our states, 33 of which already have state infrastructure banks.”

### Turns Case?

Edwards, director of tax policy studies at Cato, expert on federal and state tax and budget issues, senior economist on the congressional Joint Economic Committee, has testified to Congress on fiscal issues many times, and his articles have appeared in the Washington Post, Wall Street Journal, holds a B.A. and M.A. in economics, and he was a member of the [Fiscal Future Commission](http://www.napawash.org/publications-reports/choosing-the-nations-fiscal-future/) of the National Academy of Sciences, 2/10/11 (Chris, “Cutting Spending to Revive Federalism,” <http://www.cato.org/publications/commentary/cutting-spending-revive-federalism>)

The huge federal deficit is one reason to cut state aid, but cutting aid makes sense for many reasons: • Every dollar of federal aid sent to the states is taken from federal taxpayers who live in the 50 states. Sending all that money to Washington and back again creates a huge administrative burden in tracking the funding flows and dealing with all the regulations attached to each of 1,122 programs. • Federal aid reduces state policy innovation because it comes with top-down rules that mandate conformity. State governments can't be "laboratories of democracy" if they operate under one-size-fits-all rules from Congress. • Aid programs spur overspending by every level of government, since politicians can appease special interests with the spending while imposing part of the funding costs on other levels of government. State politicians over-expand Medicaid, for example, because the feds kick in more than $1 for every $2 in new benefits. • Liberals imagine that federal experts can rationally distribute aid to the neediest local activities. The reality is that politics determines the activities and congressional districts that receive the most aid. Even if politics were taken out of it, the federal government does not have the knowledge to efficiently allocate local funding across a diverse nation of 308 million people. • The huge scope of the aid system means that federal politicians spend much of their time on local issues. Rather than focusing on national defense, they are busy fixing potholes in their districts. Pres. Calvin Coolidge was prescient in warning that state aid was "encumbering the national government beyond its wisdom to comprehend, or its ability to administer" its proper roles. • The three levels of government would work better if they resembled a tidy layer cake with separate functions, rather than a marble cake with jumbled lines of responsibility. The failure of our marble-cake government was evident in the disastrous lead-up to, and aftermath of, Hurricane Katrina.

## Aff

### Non-unique

#### **Federalism has been steadily increasing—Obama’s policies rival the New Deal and place conditions on the states**

Katz, Vice President at Brookings Institution and founding Director of the Brookings Metropolitan Policy Program, Graduated from Brown University and Yale Law School, 2/16/12 (Bruce, “Remaking Federalism to Remake the American Economy,” Brookings, <http://www.brookings.edu/research/papers/2012/02/16-federalism-katz>)

Current State: Obama Federalism and the Republican Response Our federal republic diffuses power among different layers of government and across disparate sectors of society. States are the key constitutional partners, because they have broad powers over such market-shaping policy areas as infrastructure, innovation, energy, education and skills training. But other sub-national units, particularly major cities and metropolitan areas, are also critical, because they concentrate and agglomerate the assets that drive prosperity and share governance with economy-shaping actors in the corporate, civic, university and other spheres. Against this backdrop, federalism has always been a living, ever-evolving practice, a dynamic rather than static arrangement. Alice Rivlin charted three different phases of federalism in her path-breaking 1992 book Reviving the American Dream: From 1789 to about 1933, all levels of government were small by modern standards, but the states were clearly more important than the federal government, except possibly in time of war. Moreover, the two levels of government usually ran on separate tracks, each in control of its own set of activities. Scholars called the arrangement “dual federalism.” From the Great Depression through the 1970s, all levels of government expanded their activities, but power shifted to Washington. The federal government took on new responsibilities, and the distinction between federal and state roles faded. Scholars talked about “cooperative federalism.” By the beginning of the 1980s, the drive for centralization had peaked, and power began shifting back to state capitals. No new concept emerged of how responsibilities should be divided. The current era has been called a period of “competitive federalism,” meaning the federal government and the states are competing with each other for leadership in domestic policy. During each of these periods, federalism was at the center of national political discourse: analyzed, debated, labeled and litigated. President Roosevelt’s grand battles with the Supreme Court in 1937 were essentially over federalist divisions of power. President Nixon used the term “New Federalism” to describe his ambitious mix of agency formation, program consolidation and management reforms. One of President Reagan’s earliest acts was to create a Presidential Advisory Committee on Federalism that included governors, state legislators, mayors, county officials and members of the U.S. House and Senate. As befits a former law professor, President Obama’s approach to federalism is studied and multi-dimensional, defying simple categorization. On one level, **the severity of the economic crisis required aggressive federal action to, among other things, stimulate the economy, mitigate the fiscal impact of the Great Recession on states and localities, rescue the auto sector and provide a new regulatory regime for the financial industry. The first 18 months of the administration rivaled the New Deal in the economic scope and reach of federal actions**. Beyond the urgent economic response, however, the Obama approach to federalism has been situational, bold and directional in some areas of domestic policy, permissive and supportive in others. **The Race to the Top effort in elementary and secondary education shows President Obama at his most ambitious**. States were asked to compete for a comparatively tiny amount of federal education resources. In exchange for these funds, states were required to undertake a series of significant and controversial undertakings: raise the caps on charter schools; use one of four prescribed strategies to improve the performance of low-achieving schools; and develop promotion standards for teachers based on student achievement. Race to the Top is a clear example of how the carrot of federal spending can reinvent how states carry out a critical role of government. Tennessee, New York, Florida and Ohio won competitive grants in the range of $400 million to $700 million, awards that are a mere fraction of these state’s annual education budgets, which range from $5.2 billion to $19.4 billion. This provides a new twist on the conventional notion of state innovation. As Marcia Howard, executive director of Federal Funds Information for States stated, “Rather than states being the laboratories of democracy [by] themselves, some of them will become the federal government’s laboratories of democracy.”

### Turn?

#### **Federal action key to prevent race to the bottom**

Farber, Sho Sato Professor of Law and chair of the Energy and Resources Group at US Berkeley, Co-Director of the Center for Law, Energy, and the Environment. serves on the editorial board of Foundation Press, 9/9/09 (Daniel A, “Climate Adaptation and Federalism: Mapping the Issues,” <http://papers.ssrn.com/sol3/papers.cfm?abstract_id=1468621##>)

Another type of spillover is economic rather than environmental. In a world of capital mobility, regulatory efforts may be stymied by capital flight. In order to attract and retain industry, a jurisdiction may lower its environmental standards, only to spark a round of similar responses from other jurisdictions. The result is a race to the bottom, in which jurisdictions compete by progressively lowering their environmental standards until they hit rock bottom.29 Only the intervention of a centralized authority can halt this destructive competition between jurisdictions. As Revesz explains, under this “race to the bottom” model, local jurisdictions would face a prisoner’s dilemma, so that federal regulation can be seen “not as an intrusion on the autonomy of states, as it is often portrayed, but rather as a mechanism by which states can improve the welfare of their citizens.”30

### No Link

#### Federalism is only bad when other actors want to act- federal action is justified when there’s no other actor

Frezza 5/30/12 (Bill, “[Can Big Science Bypass Congress and Help Itself to Cash?](http://www.forbes.com/sites/billfrezza/2012/05/30/can-big-science-bypass-congress-and-help-itself-to-cash/),” Forbes, <http://blogs.forbes.com/billfrezza/page/2/>)

What would the new bank’s mission be? “To fund collaborative research between industry, academia, and government labs.” It would function just like the national infrastructure bank was supposed to: showering stimulus dollars on shovel-ready construction projects creating jobs for favored constituents. Where would the money come from? This bank would be financed by municipal bonds whose issuance would bypass the narrow-minded and discretionary appropriations of “short-term elected officials.” These bonds would be repaid by future taxpayers, whose lives would inevitably be made more productive by the brilliant innovations pouring forth from the huge ecosystem of properly financed scientists working in pursuit of the greater good—as defined by their own collective wisdom, of course. What would justify such government largess to intellectual 1 percenters in an era when everyone else is being forced to tighten their belts to help pay for runaway government growth? A crisis, of course. According to [New York](http://www.forbes.com/places/ny/new-york/) Times reporter Jon Gertner, who was there flogging his book, The Idea Factory: Bell Labs and the Great Age of American Innovation, now that the golden era of R&D has passed and storied centers like Bell Labs, [IBM](http://www.forbes.com/companies/ibm/), and [Xerox](http://www.forbes.com/companies/xerox/) Parc are no longer around to deliver breakthrough inventions, the logical source of future progress, by process of elimination, must be … the government.

# AT: States DAs

### AT: Growth/ Spending DAs

#### State costs are lower, increasing enforcement.

Calabresi, 95 (Steven G., Assistant Prof – Northwestern U., Michigan Law Review, 1995, Lexis)

In addition and just as importantly, governmental agency costs often may be lower at the state level than at the national level be-  [\*778]  cause monitoring costs may be lower where fewer programs, employees, and amounts of tax revenue are involved. The smaller size of the state governmental jurisdictions thus makes it far easier for citizens to exercise a greater and more effective degree of control over their government officials. **75** For this reason, it often makes sense to lodge dangerous and intrusive police powers over crime and over controversial social issues in the states where government officials may be monitored more easily by the citizenry. Conversely, state governments also may find that they are able to enforce criminal laws and regulations of social mores less coercively than the national government because of the lower costs and greater ease of monitoring citizen behavior in a smaller jurisdiction. **76** Indeed, ideally small jurisdictional size will lead to less populous state legislative districts, thus producing a greater congruence between the mores of the legislators and of the people than can exist in a continental-sized national republic that necessarily must have enormously large legislative districts and other units of representation. **77** The greater congruence of mores between citizens and representatives in state governments in turn may produce greater civic mindedness and community spirit at the state level. **78** This might ameliorate the highly corrosive decline of public spiritedness at the national level that has occurred as a result of the current perception that there exists a discongruence of mores between members of Congress and the public.

#### The increase in volunteers will offset resource shortages and program deficiencies at the state level

RGK Center for Philanthropy and Community Service, Lyndon B. Johnson School of Public Affairs, The University of Texas at Austin for the Texas Commission on Volunteerism and Community Service, August 2002, *Investing in Volunteerism: The Impact of Service Initiatives in Selected Texas State Agencies.*

Tocqueville’s insight into the nation’s group participation applies still. The Independent Sector, a Washington, D.C. based nonprofit support organization, charts the participation and giving behav- iors of Americans. Its 2001 survey indicates that 44% of adults, 83.9 million Americans, formally volunteer for groups and organizations. With women slightly more likely than men to volunteer (46% of women volunteer while 42% of men volunteer), the average volunteer contributes 24 hours of service per month. This workforce is equivalent to more than nine million full-time employees. 2 Utilizing a figure of $15.40 per hour of service rendered, 3 in 2001, the total value of time volunteers contributed exceeded $239 billion. It is widely accepted that volunteers are the backbone of the nonprofit sector. Less well known is the fact that “25 to 30% of all volunteer labor is directed to government.” 4 While city and county governments receive much of this effort, state governments also benefit from volunteers. One recent nationwide survey estimated that a third or more of all state agencies engage volunteers in the delivery of needed services. The study revealed that larger state agencies, that is, those with greater numbers of staff and larger budgets, benefit most from volunteers and that volunteers tend to concentrate their efforts in the areas of “environmental protection, health, hospitals, natural resources, parks and recreation, and public welfare.” 5 There are several common justifications for deploying volunteers in the public sector: 6 • Volunteers provide clear economic savings and they enhance organizational productivity. • Volunteers augment the quality and capacity of service delivery, enabling government to do more with its allocated resources. Citizen volunteers offer a renewed energy, additional person- power, and a unique set of skills, all of which enable govern- ment organizations to provide services that are otherwise unavailable to the public, particularly during peak workloads and in times of crisis. • Trained and experienced volunteers are an attractive pool from which to recruit people for salaried positions. Conversely, persons frequently volunteer to acquire new or enhance existing job skills. Increasingly, volunteering is used to build skills among the unemployed. • Volunteers personalize and enhance the quality of government services. They often find contact with clients rewarding and can devote to the situation more time than can paid staff with heavy workloads and multiple responsibilities. Volunteers often provide support “behind the scenes” as well, researching problems, tracking down needed information or disseminating data.

#### States are economically resilient enough to handle their own transportation programs

Cheryl D. Hayes is the Executive Director of The Finance Project. And Anna E. Danegger is a Research

Associate there. April 1995, Rethinking Block Grants: Toward Improved Intergovernmental Financing For Education and Other Children

Administrative capability. If anything, many states are better equipped to respond to reductions in federal funding now than in 1981. They have developed their own independent fiscal bases and administrative systems for transportation. They have more professional staffs and better management resources. They also have a significant stake in the continuation and success of programs and initiatives that they have developed and nurtured over the past decade and a half. States such as Wisconsin are often cited as bright examples of how well state governments can manage welfare programs when they are free of many of the strings of federal management. However, one of the important factors in Wisconsin's success in reducing its welfare roles, according to a recent study, is that the number of caseworkers was increased so that people on welfare could be supervised more closely. The clear conclusion is that reforming welfare may save money on balance, but it requires more bureaucracy rather than less (Endnote 65). Many states would be hard pressed to match Wisconsin's success, because they lack the administrative capability to handle the increased responsibilities that managing the large welfare entitlements would entail.

#### Volunteers allow States to leverage finite resources to solve

RGK Center for Philanthropy and Community Service, Lyndon B. Johnson School of Public Affairs, The University of Texas at Austin for the Texas Commission on Volunteerism and Community Service, August 2002, *Investing in Volunteerism: The Impact of Service Initiatives in Selected Texas State Agencies.*

With increasingly tight budgets, volunteers do provide a needed alternative service delivery system. But as observed at the outset, volunteers are not free. They do, however, represent an invest- ment that allows the state to leverage and extend its limited resources. To facilitate the expansion of this system of service delivery, the state should examine its system of providing liability coverage to volunteers. Currently coverage is provided on an agency-by-agency basis. The state should consider a blanket policy offering uniform coverage to all residents who are serious about formal, organized volunteer service within Texas state government entities. As this question is explored, the state should consider allowing volunteers to drive vehicles in select situations and provide those volunteers with the same automo- bile insurance that it provides to salaried state workers. While volunteers may be willing to contribute their expertise to the state, this service ought not expose citizens to additional personal risk or expense.

#### States’ budgets can support – stimulus proves.

AP ‘9(“In states, stimulus aid favors social programs”, <http://webcenters.netscape.compuserve.com/news/story.jsp?floc=ne-main-0-l31&idq=/ff/story/0001/20090604/1105126586.htm&sc=1110>, 6/4/09)

Earlier this spring, for example, California Gov. Arnold Schwarzenegger appeared before the cameras at a job site along a freeway east of San Francisco. He declared that the stimulus-financed project would provide paychecks for 235 construction workers who otherwise would have to ``stand in the unemployment line.'' The reality of how the vast majority of the stimulus money will be spent is quite different, and that raises questions about how much help the Recovery Act achieved by President Barack Obama will be to the economy in the long run. Most of the roughly $300 billion coming directly to the states is being funneled through existing government programs for health care, education, unemployment benefits, food stamps and other social services. ``We all talked about 'shovel-ready' since September and assumed it was a whole lot of paving and building when, in fact, that's not the case,'' said Chris Whatley, the Washington director of the Council of State Governments, a trade group for state governments. He estimates states will get three times more money for education than for transportation. Two-thirds of recovery money that flows directly to states will go toward health care.

#### States draw on a cheaper, more volunteer based workforce for transportation projects.

Carole Keeton Strayhorn, Window on State Government, Texas Comptroller of Public Accounts, No Date Provided, Capitalize on Volunteerism and Citizen Participation The Legislature should create a volunteerism office in the new Texas Commission on Commerce and Labor Agency to more effectively channel volunteer resources and citizen participation

According to public sector volunteerism expert J. L. Brudney: The consideration of alternative methods for the delivery of public services reflects a growing spirit of entrepreneurship and innovativeness among local officials. Volunteer personnel are an important element of this approach. While contracting out has attracted most attention as an alternative to the standard m odel of service provision through public employees, volunteers offer a highly potent means to limit the size yet increase the effectiveness of government. 1 (Emphasis added.) Volunteers represent the largest and most cost-effective work force available to the State of Texas. More than half of all U.S. adult residents volunteer an average of 4.2 hours per week. 2 Although a great majority of volunteers report working for the nonprofit sector, public agencies enjoy a significant amount of volunteer labor. In 1985, 23 million people one in every five volunteers contributed their time to a public agency at the local, state or federal level. That same year, the International City Management Association estimated that 72.6 percent of cities with populations of 4, 500 or more involved volunteers in at least one service area. 3 Nationwide, governmental bodies face severe fiscal constraints, while the need for transportation public services continues to escalate. Financially strapped governments find citizen participation an attractive option to augment their capacity to deliver services and to reduce dependence on a salaried work force. A Virginia legislator, defending the state s office for volunteerism stated: We re not talking about saving money we re talking about providing ser vices with money we do not have. 4 There is a need for organized, directed volunteer service. Volunteerism in the public sector builds on an impressive foundation of altruism. According to the survey, Giving and Volunteering in the United States, 1992, Americans contributed 15.2 billion hours of service nationally. 5 The report goes on to say that being asked is a prime motivator for giving as well as for serving. People who are asked to contribute financially are more than twice as likely to do so th an those who are not asked. People who are asked to volunteer their time are more than three times as likely to do so than others. Of those who were asked to volunteer, 86 percent did so, compared to just 24 percent of those who were not asked. A massive v olunteer work force is clearly available and waiting to serve. State Support of Volunteerism Approximately 30 states maintain offices to foster volunteerism, and several others have contact persons with this responsibility. In a 1991 survey, the Arkansas Division of Volunteerism found that about 324,000 persons volunteered over 15 million hours for an estimated value of $174 million. Out of that work force, 86,304 persons contributed more than 6.2 million hours of service to public agencies, valued at over $70 million. The Division of Volunteerism concluded their study with this summary: The use of volunteerism has a significant impact among state and local organizations. Volunteers help bridge the gap between decreasing revenues and increased demand for s ervices. Without these citizens giving of themselves, many requests for assistance would go unanswered. 6 Arkansas estimates that it would have needed an additional $2.8 billion of taxable personal income in order to have paid almost 324,000 statewide volunteers. Arkansas economy would have had to have grown an additional 8 percent in 1991. (The state s 1991 economic growth rate was only 4.9 percent over 1990.)

#### Networks of state service programs create a knowledge base that yields economic success

Carole Keeton Strayhorn, Window on State Government, Texas Comptroller of Public Accounts, No Date Provided, accessed July 19, 2006 Capitalize on Volunteerism and Citizen Participation The Legislature should create a volunteerism office in the new Texas Commission on Commerce and Labor Agency to more effectively channel volunteer resources and citizen participation.

This same logic applies to state government. As of September 1992, there are 5,000 full-time classified Texas state employees over 60, each averaging 14 years of state government experience, and an additional 3,034 full-time higher education employees over 60, each with an average of nearly nine years experience. If on retirement, the state could enlist 25 percent of those persons each year in creative volunteer opportunities, the wealth of expertise and wisdom would greatly enhance the state s power to undertake new transportation endeavors and sustain existing projects. These recruitment projections may be low. We know that 72 percent of persons 55 and older are volunteers, and we know that 40 percent of American retirees would rather be working but with flexible, part-time hours. 10 Productivity does not stop at some arbitrary age. There is an unpreceden ted demographic shift in this country. We must understand this new population distribution and respond to this resource with opportunities to match the skills, education and good health of this rapidly growing group. Organizations, such as the National Ret iree Volunteer Center, assist companies in harnessing the retired volunteer work force. The State of Texas should enlist the appropriate expertise to capitalize on the ability and interest of the elder corps. Networking Effective state offices on volunt eerism develop extensive networks within their state by establishing important relationships and learning the key concerns of their constituency. A solid knowledge base is essential to capitalize on opportunities, support creative endeavors and to be prepa red to act on grants and contract opportunities. The distribution of funds from the National and Community Service Act illustrates this point. States with established, functioning divisions of volunteerism are the most successful in the competitive grants process. Pennsylvania, with its PennServe operation, secured $1 million in Serve America funds as well as $2 million to support existing service corps and another $5.8 million over three years to set up new service corps. Arkansas was identified as the grants administration center for the three-state Delta Service Project, a model national se rvice corps program. In fiscal 1992, $3.4 million were allocated for this demonstration grant plus additional funding for the Department of Education and its Serve America thrust. Minnesota received three times its state allotment in Serve America funds, Vermont two times its allotment. Each of these states was well positioned, had key working relationships established and had mechanisms for comprehensive planning efforts. A centralized office supporting volunteerism, working in cooperation with the governor s initiatives, could reap substantial benefits for Texas.

#### State control of volunteer services offsets the economic impact and allows the state to leverage its scarce resources

Carole Keeton Strayhorn, Window on State Government, Texas Comptroller of Public Accounts, No Date Provided, Capitalize on Volunteerism and Citizen Participation The Legislature should create a volunteerism office in the new Texas Commission on Commerce and Labor Agency to more effectively channel volunteer resources and citizen participation.

Every effort should be made to harness the volunteer potential of youth. Attention should be given to supporting existi ng service corps programs within the state, to starting new infrastructure programs and to encouraging guided community service projects through the schools. Funds in the amount of $168,000 should be set aside from the Advance Interest Trust Fund (the balance in this fund cannot be used for its original purpose). Another recommendation in this report proposes using the remaining fund balances as grant funds for youth corps programs. That recommendation proposes additional staffing to monitor these grants. Implications Volunteers leverage scarce resources and maximize the expenditure of public dollars. A volunteerism office provides the state with an avenue to directly access the expertise of the private sector. Having the functions discussed above consolidated in one office will result in the state being able to bring together youth, private sector exec utives and retirees to accomplish common goals. While these programs volunteer loaned executives, retiree volunteers and youth may be separate, there are benefits from having one director oversee all functions. Fiscal Impact The costs associated with a volunteerism office are offset by its ability to leverage resources and to add value to government services. Equivalent worth should be ascribed to volunteer output, yet one must remember the phantom nature of these dollars. Ser vices provided by volunteers are often beyond the purchasing capacity of the government; however, the assistance provided can generate enormous cost savings. Likewise, there are non-quantifiable components to service in terms of goodwill and positive customer relations. No dollar value can be placed on these intangibles, yet their existence greatly enhances government and maintains a positive relationship between the taxpayer and the public institution. Further, the volunteers may gain a sense of worth by contributing time and energy to make things better

### AT: State Politics DA

#### Federal social services also trigger the state politics links – states hate federal administration

Halberstam and Hills, 1- \*assistant professor law at the University of Michigan Law School specializing in U.S. constitutional law and \*\*professor of law at the University of Michigan Law School, specializing in U.S. constitutional law, local government law, the law of federalism and intergovernmental relations

(Daniel Halberstam and Roderick M. Hills, Jr., The American Academy of Political and Social Science, “State Autonomy in Germany and the United States,” 03-2001, Leixs-Nexis Academic)

The U.S. system of intergovernmental relations mitigates this obstacle to national legislation by not giving state governments any legal monopoly over the power to implement national laws and by allowing each state to withhold its implementing services separately rather than collectively through the individual exercise of the Printz entitlement. With the states' lack of any monopoly on implementation, the upper limit of money and discretion for which a state can bargain is determined not by constitutional procedure but by the opportunity costs that the federal government faces by forgoing state services--namely, the creation of a potentially inefficient federal agency, which might become an embarrassment to Congress and result in the loss of the matching funds that the state government would otherwise supply (Hills 1998). So, for instance, the Occupational Safety and Health Act (OSHA) is administered in roughly half the states by federal personnel and in the other half by state officials, and there are intense political controversies within individual states about the relative performance and cost of federal and state administrators. [n13](http://www.lexisnexis.com.proxy.lib.umich.edu/us/lnacademic/frame.do?tokenKey=rsh-20.627551.9194639679&target=results_DocumentContent&reloadEntirePage=true&rand=1245780858638&returnToKey=20_T6830297407&parent=docview" \l "n13) We suggest that this ad hoc method of determining the state role in implementing federal legislation mitigates the joint decision trap faced by the German federation while still preserving a significant role for states in implementing (and resisting) federal policy.

### AT: Education DA

#### US education system failing now

Huffington Post-Education (Staffwriters 9/15/11- Bad Education, What’s the real cause?)

The Education at a Glance report, which for the first time includes an analysis of education systems in Brazil, China, India, Indonesia, Russia and South Africa, shows the global picture is changing. At present, one in three university-educated retirees resides in the U.S., but only one in five university graduates entering the workforce does. Conversely, while only 5% of adults in China have a tertiary degree, because of its population size, the country now ranks second behind the U.S. and ahead of Japan in the number of people with tertiary attainment among OECD and G20 countries. China (including Hong Kong) also contributes 19.5% of all international students from non-OECD countries.OECD Division Head Andreas Schleicher points out: "The cross-country correlation is high (+0.51) between the proportion of students performing below proficiency level 3 in PISA and expected years not in education and unemployed or out of the labor force. If we look at the percentage of 15-29 year- olds not in education and unemployed or out of the labour force, the correlation with the PISA reading Score is -0.37, and for the proportion of students performing below proficiency level 3 in PISA, the correlation is +0.35."

#### Education system bad now- It is full of false dichotomies so people can’t get real information

Mahler staffwriter for the New York Times (Jonathon- April 10 2011- Bad Education)

As is often the case with morally charged policy issues -- remember welfare reform? -- false dichotomies seem to have replaced fruitful conversation. If you support the teachers' union, you don't care about the students. If you are critical of the teachers' union, you don't care about the teachers. If you are in favor of charter schools, you are opposed to public schools. If you believe in increased testing, you are on board with the corruption of our liberal society's most cherished educational values. If you are against increased testing, you are against accountability. It goes on. Neither side seems capable of listening to the other.¶ The data can appear as divided as the rhetoric. New York City's Department of Education will provide you with irrefutable statistics that school reform is working; opponents of reform will provide you with equally irrefutable statistics that it's not. It can seem equally impossible to disentangle the overlapping factors: Are struggling schools struggling because they've been inundated with students from the failing schools that have closed around them? Are high school graduation rates up because the pressure to raise them has encouraged teachers and principals to pass students who aren't really ready for college?¶ In such a polarized environment, spontaneous outbursts of candor can be ill-advised. When President Obama was asked recently by a high school student in Washington if he could cut back on standardized testing, he expressed sympathy. Critics of education reform pounced, seizing on his comments as evidence that even Mr. Obama, a champion of the reform movement, recognizes that testing has gotten out of control.

#### After years of educational disarmament US schools need reform now

Mahler staffwriter for the New York Times (Jonathon- April 10 2011- Bad Education)

How did we get here? The modern school-reform movement sprang to life in 1983, with the release of ''A Nation at Risk,'' an education report commissioned by the Reagan administration that boldly stated -- note the cold-war era metaphor -- that the United States had embarked upon a ''unilateral educational disarmament.'' From there, a line, however jagged, can be drawn through the Clinton administration's emphasis on national standards, to President George W. Bush's declaiming of ''the soft bigotry of low expectations,'' and on to the current generation of reformers, with their embrace of charter schools and their attacks on the teachers union. The policies and rhetoric changed, often dramatically, but the underlying assumption remained the same: Our nation's schools are in dire need of systemic reform.¶ Opponents of reform will tell you the movement was built on a false premise, that the Reagan report was based on declining SAT scores, which weren't really declining; it was just that more people were taking the test. The anti-reformers (for lack of a better term) have their own founding document, too: ''Equality of Educational Opportunity,'' a federal study released a bit awkwardly in 1966, in the midst of President Lyndon B. Johnson's efforts to persuade Congress to devote more resources to schools through programs like Head Start. It concluded that school-based factors like money and teachers actually have little bearing on student achievement, that what happens outside the classroom is actually far more significant than what happens inside of it.¶ Like all battles for public opinion, the school-reform debate is in large part a matter of what the political consultant George Lakoff has called ''framing.'' In this struggle over storylines, the documentary film ''Waiting for Superman,'' with its lionization of charter schools, represented a major victory for reformers. So, too, did stories about the ''rubber rooms'' where New York City's Department of Education puts ineffective teachers whose jobs are protected by their union contract. These accounts helped create an image of public-school teachers as cosseted by government largesse, our nation's new ''welfare queens.''